

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 214

February 7, 2017

SUMMARY OF BILL: Enacts the Annual Coverage Assessment Act of 2017, which establishes an annual coverage assessment on hospitals of 4.52 percent of a covered hospital's annual coverage assessment base.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$446,590,600/FY17-18/

Maintenance of Coverage Trust Fund

Increase State Expenditures - \$446,590,600/FY17-18/

Maintenance of Coverage Trust Fund

Increase Federal Expenditures - \$851,826,400/FY17-18/

Maintenance of Coverage Trust Fund

Revenue recognition in the amount of \$446,590,600 is included in the Governor's proposed FY17-18 budget (page A-37). Corresponding non-recurring appropriations in the amount of \$1,298,417,000 (\$446,590,600 in state funds and \$851,826,400 in federal matching funds) are also included.

Assumptions:

- Based on information provided by the Bureau of TennCare (Bureau), the 4.52 percent annual coverage assessment on hospital net revenues (as reported to Centers for Medicaid Services) will result in an increase in revenue to the Maintenance of Coverage Trust Fund (MCTF) of \$446,590,600.
- According to the Bureau, \$446,590,600 will be expended at a state rate of approximately 34.395 percent and will receive federal matching funds at a rate estimated to be 65.605 percent. The resulting increase in federal funds will be approximately \$851,826,400.
- The total increase to the MCTF is approximately \$1,298,417,000 (\$446,590,600 + \$851,826,400).
- According to the Governor's FY17-18 proposed budget, on page A-37, approximately \$669,117,200 (\$230,143,000 state + \$438,974,200 federal) of the \$1,298,417,000 in the MCTF will be expended towards maintaining budget reductions and \$629,299,800

(\$216,447,600 state + \$412,852,200 federal) will be expended towards hospitals for unreimbursed costs of providing services to TennCare enrollees.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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